

NORTH CAROLINA BOARD OF ETHICS

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K D. KENNEDY JR
CHAIRMAN

February 28, 1990

Nemorandum to: Mr. Mike Jones
Low-Level Radioactive Waste Management Authority

From: Millie Donavant
Administrative Assistant

Re: Your request for information on how the Board
Determines conflict of interest

We operate under Governor Martin's Executive Order Number One dated January 31, 1985.

In the preamble of the Order, the Governor indicates that public office in North Carolina must always be regarded as a public trust, that the people of North Carolina have a fundamental right to the assurance that officers of their government will not use their public position for personal gain, and that the Board of Ethics is the procedure designed to prevent the occurrence of conflicts of interest, etc.

Section 5 of the Order deals with Specific Prohibitions.

Section 7(a) of the Order indicates that the Board should review statements of economic interest to determine conformity with the terms of the Order, the Board's rules, and to evaluate the financial interests of the person filing to determine actual or potential conflict of interest.

Our Interpretive Memorandum Number One describes actual and potential conflicts of interest.

Three weeks from, the date of our evaluation letter, the statement of economic interest and our evaluation of it becomes available for public inspection. The person filing the statement has the opportunity to respond, and to have the response available for public inspection.

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When evaluating statements of economic interest, we look at the official duties of the board, or state employee, and compare this to the financial interests shown in the statement. Financial interest includes employment, stock ownership, etc. In some instances, board membership creates conflict of interest for appointees or employees even when the financial interest is essentially lacking. An example would be a state official with authority to place state funds sitting on bank boards. Another example would be an appointee to a regulatory board sitting on a board of a private corporation that could benefit from the actions of the regulatory board. While it would seem that the officials would not receive much financial incentive from the board membership, the public's perception of conflict of interest on the part of the public official is extremely damaging to the concept of good government.

I hope this information clears up any questions you may have. if not, please be in touch.

cc: Chairman J. D. Kennedy, Jr.